



Remarks For

The Hon. Steven Preston
Administrator
U.S. Small Business Administration

Delivered At The

**LONG ISLAND ASSOCIATION
SMALL BUSINESS AWARDS
BREAKFAST**

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Welcome

Thank you, Mat for that nice introduction and for your leadership of an organization that has been an important voice and champion for the small business community and a great partner of the SBA on Long Island. I would also like to thank Phyllis Hill Slater, who served on President Bush's Transition Committee for helping to host this event today.

One thing about the SBA is we don't work alone - - in fact, we often stand in the background supporting someone else who is on the front line

working with small businesses. I would also like to welcome our resource partners who do such a terrific job training and counseling small businesses; and our lending partners from banks, Community Development Corporations, and credit unions. I am grateful for what you do, and I value our partnership in helping to serve our small business community.

I would also like to thank congressional staff officials for joining us here today and members of the Long Island Legislature for their continued support of the small business community.

I would like to extend special congratulations to our Long Island Branch Manager Norm Hunte who will be recognized today as the Government Advocate of the Year by the Long Island Association. Norm heads the Long Island SBA Office which is ranked the number one SBA branch office in loan production. Norm, I thank you for your service to the SBA and the Long Island small business community.

Finally, congratulations to all the small business winners today. As all of you know, starting or expanding a small business isn't easy. Small business owners have to be willing to take risks others won't take. You must work around the clock if necessary. And I know for some of you, it wasn't that long ago that you were starting out on a hope and a prayer. So it is great to take a step back and celebrate. Celebrating and commending

success is also important because you all are models for all those business owners fighting their way through the earlier stages of a new business.

SMALL BUSINESS AND THE ECONOMY

And as we celebrate you today, you need to consider that as a small business owner, you are part of, and a contributor to, a much greater community that plays a vital role in our economy.

Small businesses drive innovation that keeps our country competitive, provide opportunity to millions of Americans who may not find it elsewhere and enable transformation in communities that need economic revitalization. We see this spirit alive in the winners here today.

Entrepreneurs create jobs for Americans. Since August 2003, over 8 million jobs have been created—more jobs than all the other industrialized nations combined. Our economy has now added jobs for 45 straight months. Small businesses created two-thirds of those new jobs.

Entrepreneurs create economic growth. American workers are taking home more pay with those jobs. Real after-tax income per person has risen by 10 percent – over \$3,000 – over the last 6 years. Small businesses represent more than half of our non-farm private GDP.

Entrepreneurs drive innovation and competitiveness. Small patenting firms produce 13 to 14 times more patents per employee than their larger competitors do.

Small business ownership also allows people to realize dreams, not only for the owners and their families, but for those they employ and those they serve.

As a result it is critical that we foster a political and economic environment that allows this tremendous engine of prosperity in this country to thrive. It's important out in Washington and important on Long Island.

You as small business owners should expect from Washington a continuation of the sound economic policies that have fostered an environment where innovation succeeds and small businesses flourish, fuel our economy, and create more jobs.

THE PRESIDENT'S SMALL BUSINESS GOALS

I believe the biggest advocate of small business owners we have in the federal government is our President. He recognizes the tremendous contributions that small businesses make to our economy and our society, but also that the road to business ownership can be bumpy.

The President has often said that the role of government is to create and sustain an environment which allows small businesses to flourish and grow, and he has been a tireless champion on issues most important to the small businesses of our country – access to affordable health care, fair tax policy, and fair regulatory standards.

The President has proposed making health care premiums up to a certain level tax deductible for all Americans, whether or not those are in the form of employer compensation or paid for by the individual. It would, once again, put everyone on the same playing field and give more affordable access to those Americans outside the system today.

He has worked hard to expand Health Savings Accounts and to allow small businesses to band together and leverage their buying power through Association Health Plans. Health care is the #1 issue on the small business agenda today and addressing it effectively will make it more accessible and affordable for millions of Americans. I promise you, there is no shortage of good ideas.

On taxes, the President has led by cutting taxes significantly, especially on capital – that is, on investment. These cuts incentivize more saving and investment across the economy; that enhances worker productivity which translates over time to higher salaries for workers at all levels. Freeing up

the dollar on the margin for investment by reducing taxes on capital is a tremendous benefit government can give small business.

The President has also made permanent tax relief a top priority. The tax relief enacted during this Administration is scheduled to expire over the next several years. Raising taxes on small businesses will hurt economic growth and job creation. We have to work to make these reforms lasting.

SMALL BUSINESS IN COMMUNITIES

Taking it down from the national level, it's important to consider what small businesses mean to our communities as providers of jobs and services and opportunity, and by giving ownership to people in those communities.

You all are focused on your community...if you weren't you wouldn't be here:

- Communities are where we live
- They are where we raise our children and see their surroundings shape them
- Communities are the heart of who we are as a country

The federal government can help create a hospitable environment for businesses, as well as broad based programs like those the SBA offers. But to be effective, they must be delivered well at the local level and

coordinated with other efforts more tailored to the local needs.

With over 290,000 small businesses in Long Island located in every community, developing partnerships with your community leaders helps us to work together to better serve Long Island entrepreneurs.

For instance, this afternoon, the Long Island High Tech Incubator in Stony Brook, will host a SBA Comes to Suffolk County luncheon. The luncheon will recognize the achievements of some of the small businesses located in Suffolk County who received assistance from our Small Business Development Center in Stony Brook.

We host many events like “SBA Comes to Suffolk County” in which multiple events are conducted in one day in a particular county --designed to stimulate continued small business growth in a particular area. This is an excellent forum because it brings our employees, our lending partners, community leaders and small business owners together in one location.

The Long Island office has also joined forces with the Nassau County Office of Minority Affairs, under the leadership of John Moye, to cosponsor an eight-week small business series for Hispanic businesses located in Nassau County. We are working to build strong partnerships with groups like the Nassau County Office of Minority Affairs to get our

programs and services into the hands of entrepreneurs who need our help the most.

The Long Island Office has also worked with elected officials on specialized local events like those in the area of procurement to help entrepreneurs better seek assistance in securing government contracts. An example of this type of event was Congressman Bishop's Procurement Breakfast, just last week in which the SBA provided information on our procurement services.

WHAT WE DO

There are so many ways in which we can support small businesses.

Over the years, the agency has helped many of our best known corporate icons get their starts. Intel, AOL, Outback Steakhouse, Apple, Amgen, Ben & Jerry's, Callaway Golf, Staples, Under Armour, NIKE, and FedEx all received help from one of SBA's programs.

- The SBA lends or guarantees more than \$80 billion in loans and investments. Over the last six years, SBA lending has doubled, and under the leadership of Regional Administrator Bill Manger, New York District Director Jose Sifontes and Long Island Branch Manager Norm Hunte growth in the NY district has been even greater. In addition, lending to minority entrepreneurs has increased over 150%.

- Many of our loan programs are targeted to certain groups. In fact, on Wednesday I had the pleasure of announcing a brand-new loan product, the Patriot Express Loan. Veterans, active duty personnel who are in the military's Transition Assistance Program, all Reservists and National Guard members, and the current spouse of that person, are eligible for Patriot Express. For this Initiative, we've been able to put together the best parts of our 7(a) loan program (a higher guarantee and maximum interest rate) and our SBA Express product (simplified processing and greater availability), to create a very compelling and attractive product for the military community. We're excited about expanding our support for America's military heroes, and their families.

- Last year, SBA's technical assistance partners counseled approximately 1.42 million entrepreneurs. Our Long Island resource partners counseled over 7,000 budding and existing entrepreneurs, and assisted many in obtaining financing. Also last year, the SBA website received 26 million hits.

- We work with small businesses to help them sell goods and services to the federal government. In 2005, small businesses received \$80 billion in revenues from the U.S. Government. As I tell people time

and again, treating small businesses right in federal contracting is not only an issue of fairness. It's good business. In the area of federal procurement from small businesses, we have tightened the rules, insisted on clean data from federal agencies, we are making the data public, and we are putting public performance measures in place to ensure that small businesses are the ones getting small business contracts and to give the public greater visibility into the process.

- Through its Office of Advocacy, SBA helps protect small business from harmful new government regulations, and through its National Ombudsman, it helps small business deal with unfair application of existing regulations. Our regional representatives in both the Office of Advocacy and our National Ombudsman's office work to identify local and regional small business issues.

MY VISION

So that was a brief overview of what SBA does. As the head of a federal agency that oversees a number of large and far-reaching programs, I also want to talk a bit about the importance of good management in the federal government.

Admittedly, after 24 years in the private sector, I came to this role with a bias toward operational solutions. But it appears to me that when there is a

problem in government, there is generally a bias toward addressing it with a new policy, a new law, or a call for burdensome oversight, when the solution may be fixing a process – that is, an operational solution.

We are addressing the many of the challenges and opportunities in the agency on the foundation of four guideposts. We need to be an agency that is:

1. Outcomes Driven
2. Customer Focused
3. Employee enabled
4. Tight Ship—efficient, accountable and transparent.

A great example of how we are applying some of these principals is in our disaster loan operation.

Through the SBA's Office of Disaster Assistance we make low-interest, long-term disaster recovery loans to home-owners, renters, not-for-profit organizations and businesses of all sizes to help people get their lives back on track and to help communities recover.

When I arrived at the SBA last summer, I knew I was coming into some very significant challenges within our disaster program. For example, the SBA was simply overwhelmed trying to respond to the demand for loans in the wake of the 2005 hurricanes. We had 120,000 people that were

somewhere in our processes waiting for a loan, almost a year after the hurricane hit.

We immediately began an extensive process reengineering initiative, with the first objective being to accelerate disbursements on approved loans. Our focus was on reducing errors, streamlining our processes, improving controls and improving our customer service. After a few months, the backlogs were eliminated and 98 percent of the approved borrowers had either received all or part of their funds or had withdrawn their requests.

As of today, over 5.7 billion dollars have been disbursed by the SBA and is in the hands of disaster victims in the Gulf. Those funds are being used to help home and business owners get back on their feet while driving funds into the local economy. Our backlog is long gone, and the agency has made great strides in preparing for the next big disaster that could potentially strike anytime and anywhere across the country.

We are also taking the same philosophies from our disaster efforts and applying them to our lending and contracting programs. I have said it many times, we may have the greatest programs around, but if they are hard to use, if they are not responsive to our customers and partners, or if they are inefficient, it will dramatically impair their value. And we need our programs to have their maximum impact because of the importance of

our mission.

We want entrepreneurs to think big because they are the engine driving better jobs for Americans, greater competitiveness in the global marketplace, and transformation for our communities. Such growth occurs in large measure because of the perseverance and productivity of our nation's entrepreneurs.

The men and women of the SBA have the honor and the responsibility of helping that engine reach its potential.

In doing so, the legacy we leave will be in the stories of every American we help empower – today, and for many years to come.